

Value-Added Producer Grant Program

Target: Locally Produced Agricultural Food Products

General

- Grants funds are available for economic planning activities or working capital activities related to the processing and/or marketing of locally produced agricultural food products.
- An agricultural food product can be a raw, cooked, or processed edible substance, beverage, or ingredient intended for human consumption. These products cannot be animal feed, live animals, non-harvested plants, fiber, medicinal products, cosmetics, tobacco products, or narcotics.
- To achieve “value-added product” status, a raw or “unprocessed” locally produced food product does not need to meet prescribed standards for a change in physical state (strawberries into jam), agricultural production in a manner that enhances value (organic carrots or free-range chickens), or product physical segregation (genetically modified corn separated from non-genetically modified corn). Those value-added products qualify under other program specific methodologies.
- Rather, an application for “unprocessed” local foods must explain, demonstrate, and quantify how local distribution and sales of the raw agricultural food product results in increased value to the commodity, and how it expands markets for, and increases financial returns to, the agricultural producer applicants.
- To qualify as a locally produced agricultural food product, ALL of the agricultural food product must be raised, produced, and distributed (1) in the locality or region in which the final product is marketed, so that the total distance the product is transported is less than 400 miles from the origin of the product, or (2) within the State in which the product is produced.
- The grant applicant must be an eligible agricultural producer entity defined by the program: Independent Producer (IP), Agricultural Producer Group (APG), Farmer or Rancher Cooperative (COOP), or Majority-Controlled Producer Based Business (MAJ).

Examples of Locally Produced Agricultural Food Products

<p><u>Applicants</u> IP, APG, COOP, MAJ</p> <p><u>Unprocessed Food Products</u> Applications must explain, demonstrate, and quantify how local distribution and sales add value to the commodity, and expand markets for, and increase financial returns to, the agricultural producer applicants.</p>	<p><u>Eligible</u> Agricultural food products raised, produced (or legally harvested in accord with program stipulations) and distributed in the State or within 400 miles from origin:</p> <p>-fruits and vegetables -meats -honey -maple syrup</p> <p>-farmed fish and seafood</p> <p>-wild fish and seafood -wild berries -wild herbs -wild rice</p>
	<p><u>Not Eligible</u></p> <p>-animal feed -live animals -non-harvested plants -fiber</p> <p>-medicinal products -cosmetics -tobacco products -narcotics</p>

Example Eligible Costs under a Planning Grant: Economic Planning Activities

- third party feasibility analyses relating to economic, market, technical, financial and management considerations for proposed value-added project
- business operations planning for the value-added venture
- legal or consultant costs related to regulatory compliance issues, permits, etc.

Example Eligible Costs under a Working Capital Grant: Operating costs directly related to the processing and/or marketing of the value-added product

- vary by proposal intention and value-added product type
- labor costs to process or package the value-added product, IF costs do not include payments to owners, family members or other parties with a stake in the outcome of the project
- short-term rental of facility or equipment for processing or packaging the value-added product
- utility costs to process the value-added product
- accounting software or office supplies for value-added processing and sales
- transportation costs to bring value-added product to market
- costs to market or advertise value-added products in newspapers, magazines, brochures, radio, television
- costs to participate in or exhibit at local fairs, trade shows, or industry association events
- legal costs related to the value-added venture

Resources: Applications must meet ALL program requirements

- VAPG website: http://www.rurdev.usda.gov/BCP_VAPG.html
- Rural Development State Offices: 1-800-670-6553, then press "1" or <http://www.rurdev.usda.gov/StateOfficeAddresses.html>
- Agricultural Marketing Resource Center website: <http://www.agmrc.org>
- Know Your Farmer, Know Your Food Compass: <http://www.usda.gov/maps/maps/kyfcompoassmap.html>